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SUBJECT: ALGERIAN BUSINESS GROUP LOBBYING FOR MAGHREB  
INTEGRATION

¶1. (SBU) Summary: The often outspoken head of a prominent Algerian business association told Ambassador January 13 that together with other North African business leaders he is lobbying for the Maghreb governments to take steps promptly to enable Maghreb economic integration. The business leaders developed an action plan last November that includes a public awareness campaign about the benefits of a Maghreb-wide market as well as the establishment of a business information center for Maghreb businesses and perhaps even of a private/public Maghreb bank to help finance projects. The businessman noted that the Algerian government is moving forward on bilateral trade liberalization agreements with Tunisia, Mauritania and Libya but not Morocco because of political sensitivities. He and his business association think this is a mistake. He welcomed our help with a public awareness campaign highlighting the benefits of an integrated market in the Maghreb, perhaps by sharing the experience of NAFTA. End Summary.

¶2. (SBU) Boualem M'rakach, the President of the Algerian Business Owners Association (in French, CAP) told us that a group of business associations is trying to lobby the five Maghreb governments to dismantle barriers and enable economic integration. M'rakach said the CAP has agreed on an action plan with Hedi Djilani of the Tunisian Industry, Trade and Crafts Union (in French, UTICA), El Alami Moulay Hafid of the General Confederation of Moroccan Businesses (CGEM), Shaban Ibrahim alMuntaser of the Libyan Businessmen's Council (CPL) and Mohamed Ould Bettah of the Mauritanian National Business Owners Confederation (CNPM). These five business associations have joined into a multinational association called the Maghreb Employers Union that is to establish an office in Algiers, M'rakach said. The first president of the Maghreb Employers Union (UME) is to be Hedi Djilani.

¶3. (SBU) M'rakach said the UME leaders last met in Tunis November 28-29 and focused their discussions on how to attract more foreign investment. (He asserted that the Moroccan delegation was disappointed at the scale of direct foreign investment into Morocco, but he said the Algerian team bemoaned the dearth of foreign investment in Algeria.) The business leaders are quietly lobbying for a new Maghreb bank to be established, but M'rakach said the Algerian Finance Minister is not, so far, sympathetic. The UME leaders also agreed to organize a fund to finance feasibility studies.

¶4. (SBU) In a communique issued at the end of the November 28-29 meetings, the five associations together as the UME called for the five governments to take steps such as the

following to promote private investment and enable regional economic integration:

- reducing red tape in establishing businesses and setting up a one-stop shop for Maghreb investors' projects;
- introducing new technologies for the preparation of administrative paperwork;
- removing all barriers to capital flows within the Arab Maghreb Union;
- ensuring business laws in the five countries are compatible;
- simplifying tax codes;
- improving the laws governing the labor markets;
- establishing a Maghreb business arbitration center;
- establishing industrial zones along borders.

¶5. (SBU) M'Rakach noted that January 13-14 a Tunisian delegation had visited Algiers to promote a bilateral economic agreement that would reduce barriers to goods and investment flows. Algeria, he observed, already had similar agreements with Mauritania and Libya. Ambassador asked how, if the politics were ever right, Algeria would go from a series of bilateral agreements to a broader regional deal. M'Rakach said the only real challenge was the Algeria-Morocco relationship, but even there both Algerian and Moroccan businessmen wanted trade and investment barriers to come down. Moroccan banks and insurance companies, he claimed, want to invest in Algeria. (Comment: the Moroccan ambassador told Ambassador in early December that a delegation of Moroccan bankers had visited in Algeria and were looking at establishing small bank offices here. End Comment.) M'Rakach quickly admitted that the Western Sahara dispute is a huge impediment between Morocco and Algeria. In the end, he concluded, the two countries should learn to

develop business relations and isolate the Western Sahara dispute from commercial relations. He was strongly in favor of opening the border.

¶6. (SBU) M'Rakach said the five associations met with Murilo Portugal, Deputy Managing Director of the IMF, during their November 28-29 meetings in Tunisia. M'Rakach said the Maghreb Employers Union hopes to secure some financial help from the IMF for its plans to promote investment in the Maghreb and establish at least one Maghreb-wide business center. Ambassador noted that this seemed well outside the normal IMF role of balance of payments support. Ambassador observed that the kinds of microeconomic reforms the UME had in mind seemed closer to the kind of issues the World Bank addresses. M'Rakach acknowledged that the UME had had no contacts with the World Bank. (Comment: As we reported reftel, the IBRD withdrew its resrep late in 2007. We'll link up M'Rakach with the IFC representative here at least. End Comment.) M'Rakach noted that the UME hopes to develop a more detailed set of recommendations to present to the Maghreb ministers and central bank governors gathering for the spring 2008 IMF/IBRD meeting.

¶7. (SBU) M'Rakach showed Ambassador the approved action plan that also includes organizing a forum to tout the benefits of Maghreb regional integration and bring together businessmen to talk about investment projects. M'Rakach said it was essential in Algeria to highlight the economic benefits of regional integration to move government officials who are more focused on the Western Sahara dispute. He said presentations by experts who could talk about the NAFTA or EU experiences of regional economic integration would be very helpful in highlighting the benefits and changing the lexicon of Maghreb integration from political disputes to business and investment. (There is no time planned for such a conference but he would like to see it organized in 2008.)

¶8. (SBU) COMMENT: M'Rakach is one of the more outspoken business association leaders in Algiers. Under his direction, the CAP published a detailed assessment of the 2007 Algerian government budget which included criticisms of some government policies. M'Rakach has been particularly critical of GoA policies to bail out flailing state-owned

enterprises. He clearly views lobbying for change to be one of his Algerian association's main functions, and he thinks the UME can and should do the same. The Algerian Prime Minister met the UME leaders in September 2007, but M'Rakach said there is still very far to go in convincing the Algerian authorities to move forward in practical ways on regional integration. Finding ways to help associations lobby for prompt steps towards building a Maghreb-wide market would help our own long-term interest in Maghreb economic growth and stability.

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